

Message Text

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E.O. 11652: GDS

TAGS: EINV, IT

SUBJECT: RICHARDSON-MERRELL LABOR DIFFICULTIES

REF: NAPLES 878 AND PREVIOUS

1. SUMMARY. FOLLOWING THE COURT DECISION ORDERING RICHARDSON-MERRELL (R-M) TO REINSTATE 381 FIRED EMPLOYEES, THE COMPANY ANNOUNCED ITS INTENTION TO LIQUIDATE; WORKERS THEN OCCUPIED THE R-M PLANTS. MINISTER ANDREOTTI HAS INDICATED THAT R-M IS WILLING TO PLACE THE 381 UNDER SSA INTEGRAZIONE FOR 15 MONTHS AND RE-OPEN PLANT. WORKERS ARE CONSIDERING OFFER, BUT THE EMOTIONALLY CHARGED R-M ISSUE WILL CERTAINLY PERSIST WHATEVER THEIR DECISION, GIVEN THE PERCEIVED ECONOMIC AND SOCIAL SIGNIFICANCE OF THIS PHARMACEUTICAL COMPLEX FOR NAPLES AND THE MEZZOGIORNO. END SUMMARY.

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2. FOLLOWING IS STATUS REPORT OF R-M PROBLEM, ACCORDING TO A SEP.16 TELEPHONE CONVERSATION BETWEEN CONSUL GENERAL AND R-M MANAGER LOUIS HERNANDEZ AND PRESS REPORTS. ALTHOUGH R-M HAS APPEALED THE AUGUST 4 JUDICIAL DECISION ORDERING IT TO REINSTATE THE 381 WORKERS DISMISSED IN JULY, THE COMPANY INFORMED THE UNION IN LATE AUGUST THAT IT WAS ALSO TAKING STEPS TO LIQUIDATE ITS ENTIRE OPERATION (LATER CONFIRMED BY AN ANNOUNCEMENT IN THE OFFICIAL GAZETTE). ON SEPTEMBER 2, R-M EMPLOYEES FORMALLY OCCUPIED COMPANY PLANTS IN NAPLES
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AND SANT'ANTIMO (AN ESCALATION FROM THE "PERMANENT ASSEMBLY" DECLARED

ON JULY 14). ALL WORKERS, INCLUDING THE 381, ARE STILL BEING PAID BY R-M.

3. FOLLOWING SEVERAL DISCUSSIONS WITH HERNANDEZ, MINISTER FOR THE BUDGET AND THE MEZZOGIORNO ANDREOTTI INFORMED A DELEGATION OF R-M WORKERS AND REGIONAL REPRESENTATIVES ON SEP. 12 THAT R-M HAD AGREED TO HALT THE LIQUIDATION PROCEDURE, TO RETURN TO ACTIVE PRODUCTION AND TO PLACE THE 381 WORKERS UNDER CASSA INTEGRAZIONE COMPENSATION FOR 15 MONTHS; THE GOVERNMENT WOULD AT THE SAME TIME ACCEPT THE RESPONSIBILITY TO SEEK WORK FOR THE 381 (ACCORDING TO HERNANDEZ, R-M WOULD NOT RPT NOT RE-EMPLOY THESE WORKERS FOLLOWING THE 15-MONTH PERIOD). AT THIS WRITING, THE EMPLOYEES ARE DEBATING

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WHETHER OR NOT TO ACCEPT THIS PLAN.

4. COMMENT. EVEN IF THE WORKERS AGREE TO THIS TEMPORARY EXPEDIENT (BY NO MEANS CERTAIN), THE SENSITIVE R-M ISSUE IS UNLIKELY TO BE SO EASILY RESOLVED, AS THERE IS REAL FEAR THAT R-M NONETHELESS INTENDS TO END ITS OPERATIONS HERE. LOCAL OFFICIALS, PARTY SPOKESMEN, AND UNION LEADERS HAVE REPEATEDLY EMPHASIZED THAT LARGER ISSUES ARE INVOLVED THAN THE JOBS OF 381 NEAPOLITANS. ILLUSTRATIVE OF ATTITUDES WAS A PAIR OF ROUND TABLE DISCUSSIONS AT THE R-M PLANT ON SEPTEMBER 12, FEATURING, INTER ALIA, REPRESENTATIVES OF THE MAJOR POLITICAL PARTIES AND INDUSTRY EXPERTS; THERE WAS STRONG ACROSS-THE-POLITICAL-BOARD SENTIMENT THAT A) THE CLOSING OF THE R-M FACILITY, INCLUDING ITS RESEARCH DEPARTMENT, WOULD CONSTITUTE A SERIOUS BLOW TO THE ECONOMIC AND SOCIAL PROGRESS OF THE WHOLE REGION, AND B) THAT DESPITE MANAGEMENT CLAIMS, THE R-M OPERATION HERE IS FINANCIALLY VIABLE AND CAN BE KEPT OPENED. THAT THE 381 INCLUDES THE ENTIRE 80-MAN RESEARCH DEPARTMENT WAS STRESSED, ALONG WITH THE FACT THAT (AS L'UNITA' NOTED) IT WOULD BE IMPOSSIBLE "TO PLACE 'RESEARCH' UNDER THE CASSA INTEGRAZIONE." ONE COULD SPECULATE THAT, RATHER THAN CALM THE SITUATION, THE LATEST MOVES MAY RESULT IN CALLS FOR GREATER GOVERNMENT INTERVENTION, AND, INEVITABLY, FURTHER

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CRITICISM OF THE PRACTICES OF THIS AND OTHER U.S. MULTINATIONAL LIMITED OFFICIAL USE

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CORPORATIONS (AS WELL AS SKEPTICISM VIS-A-VIS THEIR WILLINGNESS TO CONTINUE OPERATIONS IN ITALY GIVEN THE RESULTS OF THE JUNE 15 ELECTIONS). COLANTONIO

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